

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Duke Energy Ohio, Inc., to Establish its)	
Fuel and Economy Purchased Power)	Case No. 10-974-EL-FAC
Component of its Market-Based)	
Standard Service Offer for 2010.)	
)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., to Establish its)	
System Reliability Tracker of its)	Case No. 10-975-EL-RDR
Market-Based Standard Service Offer)	
for 2010.)	
)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., to Establish its)	Case No. 11-974-EL-FAC
Fuel and Economy Purchased Power)	
Component of its Market-Based)	
Standard Service Offer for 2011.)	
)	
In the Matter of the Application of)	
Duke Energy Ohio, Inc., to Establish its)	Case No. 11-975-EL-RDR
System Reliability Tracker of its)	
Market-Based Standard Service Offer)	
for 2011.)	

ENTRY

The Commission finds:

- (1) By opinion and order issued October 24, 2007, in *In the Matter of the Application of The Cincinnati Gas & Electric Company to Modify Its Nonresidential Generation Rates to Provide for Market-Based Standard Service Offer Pricing and to Establish an Alternative Competitive-Bid Service Rate Option Subsequent to the Market Development Period*, Case No. 03-93-EL-ATA, et al. (03-93), the Commission authorized the Cincinnati Gas & Electric Company, now known as Duke Energy Ohio, Inc. (Duke), to establish both a fuel and economy purchased power component (FPP) and a system reliability tracker component (SRT) of its market-based standard service offer. The FPP consists of fuel and purchased power expenses, a reconciliation adjustment,

a system loss adjustment, and emission allowances. The SRT permits Duke to apply annually to the Commission to flow through actual costs related to the purchased power for peak and reserve capacity requirements on a dollar-for-dollar basis. Both riders FPP and SRT are subject to annual audit by the Commission.

- (2) By opinion and order issued December 17, 2008, in *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Electric Security Plan*, Case No. 08-920-EL-SSO, et. al, the Commission approved a stipulation submitted by the parties, as well as an annual audit process, which would require Duke to file quarterly reports and to make a filing in the first quarter of each year regarding the audits for riders price-to-compare (PTC)-FPP and system resource adequacy (SRA)-SRT, formerly known as riders FPP and SRT. Consistent with the Commission's order approving the stipulation, Duke filed its initial quarterly filing on December 2, 2008.
- (3) On November 18, 2009, the Commission issued RFP No. U09-FPP-1 in order to obtain qualified independent auditing services for annual audits of Riders PTC-FPP and SRA-SRT for calendar years 2009, 2010, and 2011, Audits 1, 2, and 3, respectively.
- (4) The RFP stated that the Commission assumed that the auditor selected to perform Audit 1 would also perform Audits 2 and 3. However, the Commission reserved the right to rescind the award of Audits 2 and 3. On January 7, 2010, the Commission selected Schumaker & Company (Schumaker) to perform Audit 1 which was performed and filed in Case Nos. 09-974-EL-FAC and 09-975-EL-RDR. Schumaker is currently engaged in performing Audit 2.
- (5) Accordingly, the attorney examiner finds that Schumaker shall complete Audit 2 by May 12, 2011. It shall submit a draft audit report to staff by April 28, 2011, and shall file its final audit report by May 12, 2011. Any conclusions, results, or recommendations formulated by Schumaker may be examined by any participant to the proceedings for which the audit report was generated.
- (6) With respect to Audit 3, the auditor shall complete Audit 3 by May 10, 2012. It shall submit a draft audit report to staff by April 26, 2012, and shall file its final audit report by May 10, 2012. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceedings for which the audit report was generated.

It is, therefore,


ORDERED, That the auditor for each audit cycle shall observe the requirements set forth in this Entry. It is further,

ORDERED, That a copy of this Entry be served upon Schumaker and all parties of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO



By: Katie L. Stenman
Attorney Examiner


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Entered in the Journal
JAN 19 2011



Renee J. Jenkins
Secretary